



IC MEMORANDUM 09-26

TO: KEHP Insurance Coordinators

FROM: Department of Employee Insurance (DEI)

RE: Questions from Members 65 and Older

DATE: October 13, 2009

We have received numerous questions from members who are actively employed and who are 65 or older, the questions stem from the messages that are displayed during the web enrollment process and the statement in the final message that indicates **\$0 in the HRA funds**. First, I would like to show you the messages they are seeing and second, I will explain why we have incorporated these messages and what will happen after Open Enrollment.

First, these are the messages that are displayed when a member attempts to enroll on the web:

IMPORTANT NOTICE FOR ACTIVE EMPLOYEES 65 OR OLDER: KEHP is adjusting its policies and procedures to ensure adherence to the Federal Medicare Secondary Payer law. As a result, active employees who are already 65, or will be 65 in January 2010, are eligible during this Open Enrollment period to either (a) enroll in KEHP health insurance or (b) waive their benefits. If they waive, they may or may not be eligible, depending on their circumstances, for the standalone HRA funds. Regardless of their eligibility, the confirmation statement will indicate \$0 funds for the HRA benefit.

After Open Enrollment, the KEHP will send a letter to these employees describing if and how they may qualify for the waiver HRA funds.

For additional details on this policy change, please contact the Department of Employee Insurance at 888-581-8834.

This message is displayed if the member is 65 or older and has attempted to enroll in a HRA.

We have received your request to waive your health insurance, but cannot assign any HRA funding until you complete the enrollment process. Please click the 'OK' button below to return to the main menu and finish your enrollment process. If you are eligible for HRA funds, they will not be assigned until after you click the "Save and Accept Enrollment" button at the end of the enrollment process.

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Web Site: <http://kehpn.ky.gov>

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New for 2010 for Active Employees 65 or older: Under the Federal Medicare Secondary Payor law, if you are an active employee 65 or older and your employer participates with the KEHP HRA plan, you may or may not be eligible for HRA funding if you waive your benefits.

Please continue enrolling online. When you are finished, you should print a confirmation statement (**which will indicate \$0 in standalone HRA funds**) and keep it for your records. After Open Enrollment, the KEHP will send you a letter describing if and how you may qualify for the waiver HRA funds. For additional information about this policy change, please contact the Department of Employee Insurance. We are always happy to assist and can be reached toll-free at 888-581-8834.

Background Information:

Portions of the Medicare Secondary Payer law specifies that a group health plan cannot offer an incentive for employees to choose Medicare coverage instead of choosing the health insurance offered by the group plan. There is some thought that offering a HRA may be viewed as just such an incentive.

It is of the utmost importance to both DEI and KEHP members that the proper decision is reached. This is why after internally reviewing this matter we are seeking a second opinion from an outside legal source. In addition, we may seek guidance from the CMS to further ensure that we have the correct answer. We appreciate your patience and understanding.

What Will Happen?

As soon as we receive the determination, we will mail letters to each member 65 and older who attempted to enroll in an HRA. The letter will explain the plan options available to the member and any documentation that may be needed.

Please ask your members to watch for this letter. There will be a limited time period during which they will be able to choose an option and provide documentation if necessary.

If you have questions please call the Member Services at 888-581-8834 or Enrollment Information at 502-382-1805.